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# EMPLOYMENT SECURITY LETTER

JUL

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## THE UNEMPLOYMENT COMPENSATION COMMISSION OF MONTANA

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• Montana State Employment Service  
• Unemployment Insurance

FL-79

July, 1949



### More Firms Now Operating in Montana; Huge Payroll Taxes Indicate Record 1949 Payrolls

Payment of unemployment compensation payroll taxes by employers during the first half of 1949 indicates that the industrial and commercial payrolls of Montana may prove to be the largest in the history of the state—exceeding even the whopping 1948 payrolls which, during the calendar year, approximated \$256 million for industries covered under the Montana Unemployment Compensation Law.

More than \$1.9 million in payroll taxes was collected by the Commission during the first six months of 1949. These collections are nearly 10 per cent in excess of collections for the corresponding period a year ago. The  
(Continued on Page 3)

### Federal Benefit Payment to Jobless Montana Veterans Comes to End After Nearly Five Years

Officially, by presidential pronouncement, the war has been over for two years and that's a significant date to all ex-G. I.'s. On July 25, 1947, President Truman declared the end of hostilities with the Axis powers. That meant that a vast majority of the veterans of World War II still had two years of protection under the jobless insurance afforded by the G. I. Bill of Rights. Now that two years has expired (it expired July 25, 1949) and the responsibility for jobless benefit payments to Montana's veterans devolves upon the State.—That is, unless the national congress should take some action to revive federal benefit payments to jobless veterans.

The Veterans Readjustment Allowance program has not passed entirely out of existence, since veterans dis-  
(Continued on Page 2)

### Long Upsurge of Montana Economy Continues Despite Joblessness; Construction Leads Parade

As the summer of 1949 got up a full head of steam, amidst a great confusion of economic pressures that were tugging and pulling from many directions, it becomes apparent that, while the long-term upsurge of the Montana economy may have been slowed down, it has by no means been stopped and that the overall direction of the economy is still up.

Nationally, there was a great clamor and hubub about rising unemployment and the graph of unemployment in Montana followed the national trend. On July 15, there were two and a half times as many persons unemployed and seeking jobless benefits in Montana as there had been on the corresponding date a year ago.

But at the same time, there were five thousand more persons earning salaries or wages on non-farm jobs in Montana than there had been a year ago and there were  
(Continued on Page 4)

### Montana Farm Labor Picture Altered by Drouth in Eastern Counties; Need Fewer Combines

With the changing economic scene of 1949, the farm labor situation in Montana has changed complexion. For several years the big question mark for the farmer has been whether he would be able to get sufficient help to get his crop harvested. Now the situation appears to be leveling off and some of the local employment offices of the State Employment Service have reported a substantial number of itinerants passing through the state seeking farm jobs. Most of these itinerants have been placed  
(Continued on Page 2)

## Federal Benefit Payment to Jobless Montana Veterans Comes to End After Nearly Five Years

(Continued from Page 1)

charged after the President's declaration of termination of the war will still have two years from the date of their discharge in which they will be protected under the unemployment benefit provisions of the act. But the vast majority of war veterans, all of those who were discharged prior to July of 1947, are now on their own and, assuming no further federal action, will henceforth be eligible for jobless insurance only under the laws of the states in which they live.

During the nearly five years since the Veterans Readjustment Allowance Act first became operative, commencing in September, 1944, and ending at the close of July, 1949, the Veteran's Administration, through the agency of the Montana Unemployment Compensation Commission, has paid funds approximating \$16 million to unemployed and self-employed veterans of Montana.

These federal benefit payments to Montana's veterans have been divided into two categories—Self-employed veterans seeking to become established as farmers or businessmen have received payments totaling more than \$6¾ million. These self-employed payments have been in the form of a small business subsidy. In addition, nearly nine million federal dollars have been paid to unemployed Montana veterans since the act was passed in 1944.

During its life-time, the act was sometimes referred to slightlying as the 52-20 act and veterans receiving benefits under the act were referred to by detractors as members of the 52-20 club—the implication being that they drew \$20 for 52 weeks until their benefit rights were exhausted.

How unfair and untrue this implication was is best illustrated by the statistics gathered during the nearly 5 years the bill was in effect in Montana. Out of 60,000 Montana veterans, 24,000 never applied for any benefits at all. Of the 36,000 who did apply for benefits, 8,000 sought self-employed benefits which had no connection with 52-20 inasmuch as they were paid in 10 monthly installments and required that the veteran be fully self-employed in a gainful occupation during all the time he was receiving the subsidy.

That left only 28,000 out of 60,000 (less than half) who ever so much as applied for jobless benefits. Of this 28,000, only about 1,400 drew the full 52 benefit payments to which the law entitled them. Thus less than 2½ per cent of Montana's veterans could possibly have been charged with being a member of a 52-20 club. Actually, the statistics appear to indicate that the average number of benefit payments drawn by those 28,000 veterans ap-

## Montana Farm Labor Picture Altered by Drouth in Eastern Counties; Need Fewer Combines

(Continued from Page 1)

on jobs and, while nothing in the nature of a farm labor surplus has developed, there are definitely more workers available than in recent years.

The Montana State Employment Service has taken advantage of this increased availability of farm labor to step up its farm placement activities by one-third during the first six months of the current year—filling 6,000 farm jobs as compared with 4,500 during the corresponding period a year ago.

Probability now is that during the harvest months of July, August, September and October the Employment Service will be able to supply sufficient workers to fill all farm labor needs as they arise and that 1949 will see no crop loss because of insufficient field hands. It also appears probable that total farm placements for 1949 may be considerably higher than the 16,000 placed by the State Employment Service in 1948.

It is not anticipated, however, that the need for itinerant combines will be as great as a year ago and it now appears that the supply of itinerant rigs available may exceed demand. At present, a survey is underway in an effort to determine just how many rigs are available in Montana and how many itinerant outfits will be required.

The entire farm labor and combine picture has been changed by the unexpectedly short yields in the middle west wheat belt and, in Montana, drouth has considerably altered the picture in many eastern and northern counties. It now appears probable that a number of Montana's "burnt-out" farmers may enter the labor market as custom combiners, thus cutting down the work available for outsiders.

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proximated something in the neighborhood of 16 weekly checks. That is less than our state law allows in a single year.

But during the first six months of the current year, the Federal Government paid nearly \$1.3 million of a total jobless benefit item of \$3.1 million disbursed by this Commission during that period. In other words, the Montana fund has been tapped for only 6 out of every 10 dollars of jobless benefits paid in Montana in 1949. Assuming that Congress does not revive the Veterans Readjustment Allowance Act or any similar veterans benefit act, next winter the Montana fund will be tapped for 10 out of every 10 dollars of jobless benefits paid through the Montana Commission.

## More Firms Now Operating in Montana; Huge Payroll Taxes Indicate Record 1949 Payrolls

(Continued from Page 1)

increase appears to be attributable to the increase in non-agricultural employment together with the fact that the number of business firms subject to the Montana law has increased by 550 during the past year.

The count on June 30, 1949, was 12,716 employers as compared with 12,166 employers on June 30, 1948. This is a continuation of a trend that has been in progress since early 1944 when covered employment in Montana was at an all-time low. From 1944 to 1948 the number of covered employers increased at the approximate rate of 1,000 a year. During the past year, that rate of increase has been cut by about one-half but there has appeared no definite indication of a leveling out process despite adverse economic conditions reported in some sections of the country.

## Economy Budget Brings Curtailment of Employment Service Activity; Four Offices Closed

During the fiscal year which started July 1, 1949, the Commission will operate with at least four fewer employment offices than in recent years. Due to an economy measure, over which the Commission had no control, it was found necessary to close the offices at Conrad, Plentywood, Deer Lodge and Chinook. In all cases, itinerant service from nearby offices is being furnished to these communities.

The Commission was reluctant to curtail regular office service in any of these communities but was afforded no alternative. Criteria upon which the curtailments were based included proximity to another office and need for the office in the community as shown by the workload records for past periods.

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## The Montana Employment Security Indexes

State Payroll Tax Paid by Employers During First 6 Months of 1949 .....	\$1,931,977
Benefits Paid to Unemployed Civilians from Montana Unemployment Trust Fund During First 6 Months of 1949 .....	1,686,811
Benefits Paid to Unemployed Veterans from Federal Funds During First 6 Months of 1949 .....	1,203,851
Benefits Paid to Self-Employed Veterans from Federal Funds During First 6 Months of 1949 .....	428,719
Total Benefits Paid Through Commission During First 6 Months of 1949 from all Funds .....	3,319,381
Estimated Employment of Wage and Salary Workers on Non-Farm Jobs in Montana on June 15, 1949 (Includes Railroad and Public Employees but not Farm Employees) .....	143,100
Average Number of Persons Employed in Covered Industries During Fourth Quarter of 1948 (Does not include Farm, Railroad or Public Employees) .....	100,758
Number of Jobless Persons Seeking Benefits from Montana Unemployment Compensation Trust Fund During Week Ending July 16, 1949 .....	2,218
Number of Jobless Persons Seeking Benefits from Trust Funds of Other States During Week Ending July 16, 1949 .....	326
Number of Jobless Persons Seeking Benefits from Federal Veterans Funds During Week Ending July 16, 1949 .....	1,008
Total Number of Unemployed Montana Residents Seeking Jobless Benefits During Week Ending July 16, 1949, from All Funds .....	3,552
Ratio of Persons Seeking Benefits from State Fund to Average Number of Workers Employed in Covered Industry in Montana .....	2.2%
Total Number of Businesses Employing Workers and Reporting to the Commission During Second Quarter of 1949 .....	12,716
Number of Jobs Filled During First 6 Months of 1949 by Montana State Employment Service .....	17,568

## Long Upsurge of Montana Economy Continues Despite Joblessness; Construction Leads Parade

(Continued from Page 1)

more than a half thousand additional employers hiring workers and paying wages—employers that had not even been in business a year ago. The total number of non-farm workers and the total number of employers was at an all time high and indications were that last year's record payrolls were being exceeded by as much as 10 per cent.

In the face of this bullish record, the bear stories, emanating largely from less favored states, made good conversation but beyond that their application to the Montana economy was strictly limited. True, insured unemployment was  $2\frac{1}{2}$  times as high as it had been a year ago but when stated in another way it lost much of its sting. Actually, the number of insured unemployed was about 3,500 as compared with 1,500 a year ago. The increase was 2,000. It meant that out of every thousand workers who were employed in covered industry last year, only about 22 were now unemployed and seeking benefits—about 2.2 per cent—this didn't look much like a recession.

At the same time, the number of non-farm jobs had increased by 5,000. How was it mathematically possible to have this simultaneous increase in employment and unemployment? There was only one answer. Montana's labor force was continuing to expand. Since a year ago, it had expanded by at least 7,000 in order to account for the 5,000 newly employed and the 2,000 additional jobless.

Sources of the expansion were—

- (1) High school and college graduates, many of whom were entering the labor market for the first time.
- (2) Influx of workers from virtually every state attracted by unfounded rumors of unlimited employment opportunities on the Hungry Horse and Canyon Ferry Dams.
- (3) Key personnel imported by out of state contractors.
- (4) Increase in number of migratory farm workers passing through the state.

Many of these new entrants on the Montana labor market displaced older or less able workers which ac-

## Employment Service Fills 17,500 Jobs as More Employers Use State Service to Find Qualified Workers

Montana's employers, during the first half of 1949, used the Montana State Employment Service to fill 17,500 job openings. This represents a 13 per cent increase in use of the state facility over the first half of last year. In numbers it amounts to an increase of 2,000 additional jobs filled through the facilities of the Commission for the employers of Montana.

Commercial and industrial employers made the greatest use of the service by employing a total of 11,500 workers. Farm operators accounted for the other 6,000 hires.

During the second half of the year, farm placements will increase greatly due to the harvest and will account for a larger proportionate share of the total. Last year, placements for the year totaled 42,000 of which approximately 16,000 were farm placements. Indications now are that both total and farm placements will show a sizeable increase in 1949.

counts in part for the increased joblessness. Unemployment has been further swelled by unfavorable metal prices that, during May and June, saw employment in the mining industry shrink by 800. And more unemployment was added by retail trade, which, according to Bureau of Labor Statistics estimates, showed an employment decline of 500 during the same two months.

But despite these losses, no single major industry group showed any decline from a year ago. The increases from a year ago recorded by the Bureau estimates showed—

Manufacturing, up 200; mining, up 100; construction, up 2,500; transportation, up 200; trade, up 200; finance, insurance and real estate, up 100; service industries, up 600; and government (federal, state and local combined), up 900.

The greatest employment gain was made by the construction industry which, for the past two years, has paced all other industries in the general employment upswing. On June 15, there were close to 12,000 men working on Montana construction jobs, the greatest number ever to be employed by the industry in Montana and 2,500 more than at the corresponding period a year ago.

### UNEMPLOYMENT COMPENSATION COMMISSION OF MONTANA

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